

# FAREHAM

## BOROUGH COUNCIL

### Report to Audit and Governance Committee

**Date:** 11 March 2024

**Report of:** Assistant Director (Finance and ICT)

**Subject:** ANNUAL REVIEW OF THE AUDIT AND GOVERNANCE  
COMMITTEE - DRAFT

#### SUMMARY

This report seeks to provide Members of the Audit and Governance Committee with an opportunity to review its activity during this municipal year.

The purpose of the review is to summarise the work carried out by the Committee against its functions as set out in the Constitution and to provide evidence that the Committee has carried out its role effectively.

The comments from the Committee will allow Officers to compile a final report that will be submitted to Council for endorsement.

#### RECOMMENDATION

It is RECOMMENDED that the Audit and Governance Committee: -

- a) consider the contents of the annual review; and
- b) submit a final version of the report to Council.

## **INTRODUCTION**

1. The Audit and Governance Committee is a key component of Fareham Borough Council's corporate governance framework. It provides an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role gives greater confidence to those charge with governance that those arrangements are effective.
2. This annual report aims to summarise how the Audit and Governance Committee has performed its functions during 2023/24.

## **COMMITTEE CONSTITUTION**

3. The Audit and Governance Committee is made up of seven elected Members, appointed at Annual Council in May 2023. All four of the scheduled meetings for the 2023/24 municipal year were held in person at the Civic Offices in Fareham and were all quorate.
4. Members were supported at each meeting by relevant Officers, including the Council's Monitoring Officer and Section 151 Officer and where appropriate the external auditors Ernst and Young LLP attended to present their findings.

## **DELIVERY OF WORK PROGRAMME**

5. The Committees work programme for 2023/24 was agreed by Council on the 20 April 2023. At each meeting changes to the original work programme were reported to the Committee via the Monitoring Officer report, which is a standard agenda item at each meeting.
6. Appendix A provides details of those items brought to the Committee in this municipal year and also provides details of which items will be considered in 2024/25.
7. The work programme for 2023/24 was delivered with the exception of:
  - i. Anti-Bribery Policy Update (now to come in November 2024)
  - ii. Internal Audit Strategy Update (delayed giving the new Chief Internal Auditor time to consider)
  - iii. External Audit Results Report (awaiting national consultation on approach for 2022/23 audit)

No additional items were delivered as part of the work programme in this municipal year.

## **COMMITTEE REQUESTS**

8. There were two occasions when Officers were requested to gather a more comprehensive response for Members outside of the meetings to widen assurances in these areas as follows:
  - i. Members enquired about the Pension Liability Statement within the Audit

Report asking if they are able to gain better viability and understanding of the Hampshire Pension Scheme (September 2023)

- ii. Members asked for more information pertaining to the Council's cyber liability insurance cover (November 2023)

The information requested by members was delivered in the year.

### **COVERAGE OF FUNCTIONS**

9. The Audit and Governance Committee functions are set in the Councils Constitution in Part Two – Chapter 8 of the Council's Constitution. Appendix A summarises the Committees functions and provides details of the reports brought to the Committee within each function area.
10. The Committee functions are reviewed every three years and aims to align with the latest national guidelines.
11. Appendix A also includes information on the frequency of reporting of each item aiming to provide the Committee with an oversight of how it has performed against the functions.

### **TRAINING**

12. At the 24 September 2023 meeting, Members of the Committee requested further information to explain the Hampshire Pension Scheme following discussions about the Pension Liability Statement contained within the External Audit – Annual Report.
13. Officers suggested a training session on the Pension Fund which was held on the 27 November 2023 with five Members of the Committee in attendance. The training was carried out by the Finance Manager and Members reported that they found the session to be very useful and informative.
14. In addition to the training highlighted above, the Chairman of the Committee completed the following training in this municipal year:
  - LGA Leadership Essentials Financial Governance (P3)
  - LGA Leadership Essentials - Audit Committees (P9)
  - CIPFA Update for Local Authority Audit Committee members

### **COMPLIANCE**

15. The Committee continued to operate this year in accordance with best practice as detailed in the Chartered Institute of Public Finance and Accountancy (CIPFA) publication "Audit Committees – Practical Guidance for Local Authorities" (2018)

A review has yet to be completed against the 2022 guidance.

## CHAIRMAN'S STATEMENT

16. I am pleased to be able to present a summary of the work carried out by Committee in 2023/24.
17. The Committee continued to operate in accordance with the 2018 guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). All meetings planned went ahead and were quorate.
18. The Committees work programme for 2023/24 was agreed by Council on the 20 April 2023 and has been delivered across the year with the exception of three items which were delayed due to legitimate reasons.
19. There has been good coverage of the subjects making up the functions of the Committee and members have asked pertinent questions requesting additional assurances on two topics. One of these related to a request for training on the Hampshire Pension Fund which was delivered in November 2023.
20. I have also undertaken significant training this year in relation to the role of the Audit and Governance Committee. As a result of that training and following a review of the year's performance with officers, I would like to propose a number of actions for delivery over the next two years. I believe this will strengthen the operation of the Committee even further.

### Actions:

| Proposed Action   | Who  |
|---|--|
| <p><b>One to Ones with Committee members</b></p> <p>Meet with each member of the Committee individually to understand their key skills and to generate ideas on how the work of the Committee could be strengthened.</p>                            | Chairman of the Audit and Governance Committee |
| <p><b>One to One with Chief Internal Auditor</b></p> <p>Chairman of the Committee to have a one-to-one meeting with the Chief Internal Auditor without other officers present.</p>  | Chairman of the Audit and Governance Committee |
| <p><b>One to One with External Audit Manager</b></p> <p>Chairman of the Committee to have a one-to-one meeting with the External Audit Manager without other officers present.</p>  | Chairman of the Audit and Governance Committee |
| <p><b>Pre-Meeting Summary for Members</b></p> <p>Introduce a summary to be sent to the committee members before the Committee, giving an overview of the topics on the agenda and anything discussed in more detail at the chairman's briefing.</p> | Chairman of the Audit and Governance Committee |
| <p><b>Review of Latest Guidance</b></p> <p>Complete an updated assessment against the latest CIPFA Guidance: Audit Committees: practical guidance for local authorities and police (October 2022)</p>   | Internal Audit Team                            |

| Proposed Action   | Who                                  |
|---|--------------------------------------|
| <p><b>Independent Person</b></p> <p>Review the requirements for an independent person and consider a future role on the Committee</p>   | Committee Officer                    |
| <p><b>Overview of the Committee (Training)</b></p> <p>Deliver an annual overview of the purpose and workings of the Audit and Governance Committee to all Committee members before the July meetings.</p> | Assistant Director (Finance and ICT) |
| <p><b>Finance Briefings (Training)</b></p> <p>Arrange a series of briefings for the Chairman on how the Council's financial processes operate</p>   | Assistant Director (Finance and ICT) |

## **RISK ASSESSMENT**

21. There are no significant risk considerations in relation to this report.

## **CONCLUSION**

22. The Committee are asked to consider the contents of this draft version of the Annual Review. Any suggested amendments will be incorporated into a final version of the report that will be presented to Council.

## **Appendices**

Appendix A - Committee Functions and Report Coverage

**Background Papers:** None

### **Reference Papers:**

The Council's Constitution

Minutes and reports to the Audit and Governance Committee for the Municipal Year 2023/4

CIPFA Publication – Audit Committees – Practical Guidance for Local Authorities and Police (2018)

### **Enquiries:**

For further information on this report please contact Elaine Hammell. (Tel: 01329 824344)